

AR21

Southam Press Limited
Annual Report 1970

Sub



Contents

Southam Press Limited is involved in the business of communications, the end result of a combination of intellect, creativity, craftsmanship and modern mechanical equipment — all of these are represented in the pictures in this report. The front cover shows the final step, the newspaper delivered on the doorstep. When people read and think, when they are informed about the world they live in, communicators have done their job well.

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Southam Press Limited was incorporated under the Companies Act of Canada by Letters Patent dated December 7, 1927, and commenced business on January 1, 1928. Since May 1945 the shares of the company have been listed on the Montreal, Toronto and Vancouver stock exchanges. Stock Transfer Agent, The Royal Trust Company; Stock Registrar, The Bankers' Trust Company.

The year's results at a glance

Consolidated, with comparative figures for 1969
(Dollars in thousands, except per share amounts)

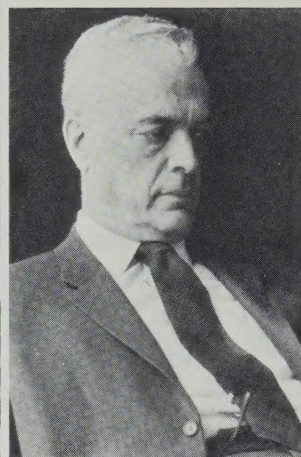
		1970	1969
Income	Gross revenues	\$112,592	\$107,620
	Gross expenses (excluding depreciation)	95,098	89,658
	Depreciation	2,685	2,846
	Income taxes	6,973	6,595
	Income before capital loss	7,836	8,521
	per share	2.53	2.75
	Capital loss	—	451
	Net income	7,836	8,070
	Dividends paid	4,185	4,185
	per share	1.35	1.35
Balance Sheet	Working capital	\$ 4,897	\$ 4,626
	Investments	13,809	13,752
	Fixed assets (net)	24,947	22,517
	Other assets	355	370
	Long term debt	4,335	4,327
	Deferred income taxes	1,075	1,013
	Shareholders' equity	38,598	35,925
Statistics	Advertising lineage — newspapers (1,000's)	186,670	185,444
	Advertising pages — magazines (1,000's)	16	17
	Daily newspaper circulation — December (1,000's)	748	742
	Total number of employees	5,182	5,152
	Total salaries, wages and employee benefits	\$ 47,004	\$ 43,758
	Price range per common share	\$ 65-43	\$ 67½-55



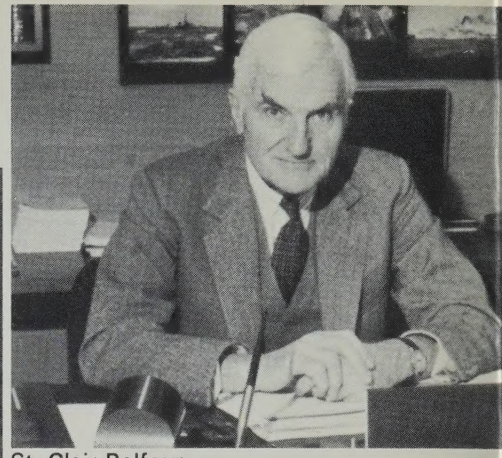
B. B. Osler



Gordon N. Fisher



R. W. Southam



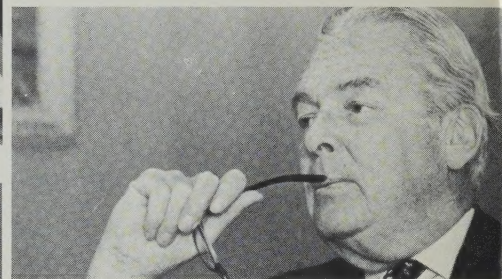
St. Clair Balfour



A. Ronald Williams



Fred S. Auger



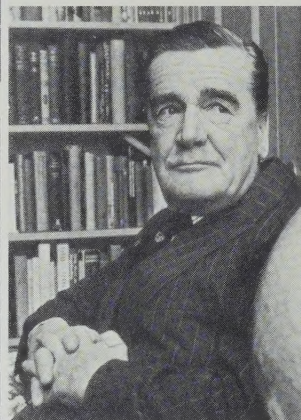
Gordon T. Southam



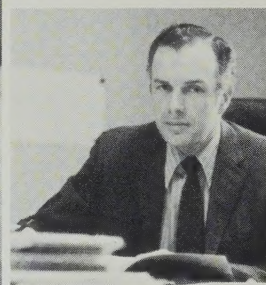
Adam H. Zimmerman



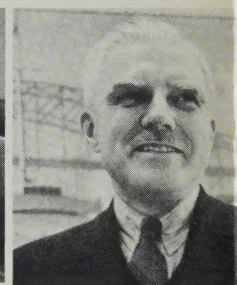
Charles H. Peters



Thomas E. Nichols



Michael A. Harrison



John D. Muir

Directors and Officers Southam Press Limited

Philip S. Fisher, SM, CBE. Elected director 1928.

Born Montreal, 1896. BA (McGill). Joined the company in 1924 as assistant to the president; president 1945; chairman 1961. Past president, Canadian Daily Newspaper Publishers Association; past chairman, executive council, Canadian Chamber of Commerce; honorary president, The Canadian Welfare Council.

St. Clair Balfour. Elected director 1953.

Born Hamilton, 1910. BA (Toronto). Joined The Hamilton Spectator 1931; publisher 1951; vice-president and managing director, Southam Press 1954; president 1961. Past president, The Canadian Press; vice-president, Canadian Heart Foundation.

Gordon N. Fisher. Elected director 1967.

Born Montreal, 1928. B.Eng. (McGill). Joined head office of Southam Press Limited as executive assistant 1958; assistant to the president 1962; vice-president 1965; vice-president and managing director 1969. Trustee, Hospital for Sick Children; director, Canada Studies Foundation, Boys Clubs of Canada, Canadian Daily Newspaper Publishers Association.

W. W. Southam, P.Eng. Elected director 1950.

Born Hamilton, 1908. BSc (McGill). Joined The Vancouver Province 1930; executive assistant, head office 1945; vice-president 1954. Member, Engineering Institute of Canada; chairman, membership tours committee, Toronto Board of Trade; vice-president, Toronto East General and Orthopaedic Hospital Research Foundation.

R. W. Southam. Elected director 1954.

Born Ottawa, 1914. BA (Queen's), MSc (Columbia). Joined The Ottawa Citizen 1937; managing editor 1946; assistant publisher 1950; publisher 1953. Past president, Canadian Daily Newspaper Publishers Association. Vice-chairman, board of trustees, Queen's University; member of executive committee of corporation, Bishop's University.

Fred S. Auger. Elected director 1954.

Born Calgary, 1907. Joined The Winnipeg Tribune as publisher in 1951. Previously director of advertising, Procter & Gamble. Appointed publisher of The Vancouver Province 1959. President, Canadian Daily Newspaper Publishers Association. Director, The Canadian Press. Governor, Vancouver Aquarium. Director, B.C. Waterfowl Society and Ducks Unlimited (Canada).

Gordon T. Southam. Elected director 1955.

Born Ottawa, 1910. Joined The Ottawa Citizen 1930; The Vancouver Province 1936. President, Pioneer Envelopes Ltd. 1955; director, MacMillan Bloedel Limited and Eagle Star Insurance Company of Canada. President, G. F. Strong Rehabilitation Centre. Governor, Trinity College School.

B. B. Osler, QC. Elected director 1956.

Born Ottawa, 1904. Graduate RMC of Canada. Partner, law firm, Blake, Cassels & Graydon since 1933. Director of a number of Canadian companies.

George L. Crawford, QC. Elected director 1959.

Born Edmonton, 1915. Called to Alberta Bar in 1939. Director and president-elect, Calgary Exhibition and Stampede. Director of a number of Canadian companies.

Thomas E. Nichols. Elected director 1960.

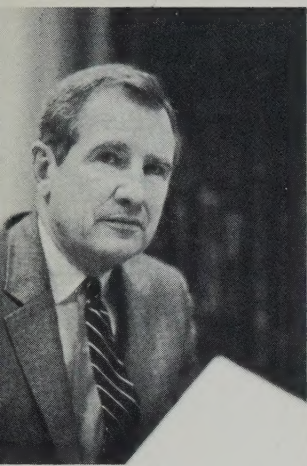
Born Winnipeg, 1907. BA (Mount Allison). Joined The Winnipeg Tribune 1928; The Vancouver Province 1930; The Hamilton Spectator 1934; publisher, The Hamilton Spectator 1955. Governor, Art Gallery of Hamilton.

J. Jacques Pigott, P.Eng. Elected director 1962.

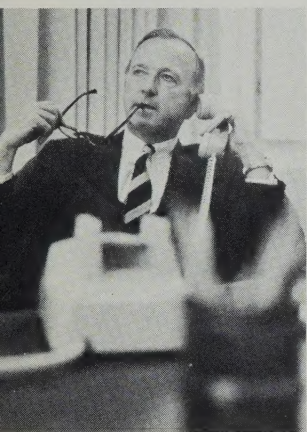
Born Detroit, Mich., 1916. BSc (Toronto). Joined Pigott Construction Company Limited in 1946 becoming executive vice-president of that company in 1956. Director of a number of Canadian companies.

G. Hamilton Southam. Elected director 1964.

Born Ottawa, 1916. BA (Toronto). Joined The Times of London 1945; The Ottawa Citizen 1946. Joined Department of External Affairs 1948; Secretary of Legation, Stockholm, 1949-53; Chargé d'Affaires and later Ambassador, Warsaw, 1959-62. Coordinator, National Arts Centre, Ottawa 1963; Director-General 1967.



Jacques Pigott



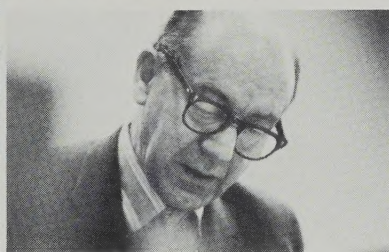
Colin S. Glassco



W. W. Southam



Frank G. Swanson



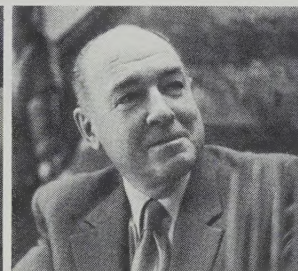
Brian H. Shelley



Philip S. Fisher



John S. Ward



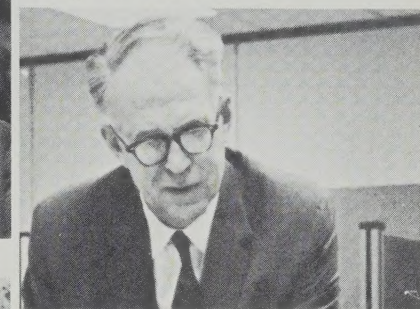
John F. Grainger



G. Hamilton Southam



George L. Crawford



Ross Munro



Peter O'Brian

Ross Munro, OBE. Elected director 1968.
Born Ottawa, 1913. BA (Toronto). Canadian Press staff writer 1936-1948. Joined Southam News Services 1948; assistant to the publisher, The Vancouver Province 1951; editor 1955; assistant publisher and editor-in-chief 1957; publisher, The Winnipeg Tribune 1959. Publisher, The Canadian 1965. Vice-president and publisher, The Edmonton Journal 1968. Director, The Canadian Press.

Charles H. Peters. Elected director 1969.
Born Montreal 1907. BA (McGill). Joined The Gazette, Montreal 1929; editorial director 1943; executive vice-president 1951; president 1956. Continued as president and publisher when company acquired by Southam Press Limited in 1969. Past president, The Canadian Press, the Graduates Society of McGill University. Director, American Newspaper Publishers Association. Member, Board of Management of Montreal General Hospital.

Colin S. Glassco. Elected director 1970.
Born Hamilton, 1909. Joined Southam Printing Company Limited as vice-chairman and chief executive officer 1969. Previously with Appleford Division, Eddy Forest Products Ltd. as vice-president and general manager. Life governor, Trinity College School. Director of a number of Canadian companies.

Adam H. Zimmerman, CA. Elected director 1970.
Born Toronto, 1927. BA (Toronto). Joined Noranda Mines Limited as assistant comptroller 1958; comptroller 1961, vice-president 1966. President, Northwood Mills Ltd., Northwood Pulp Limited. Director of several Canadian companies, and Branksome Hall School. Trustee, Hospital for Sick Children.

Frank G. Swanson. Elected director 1971.
Born Edmonton, 1917. BA (Alberta), MSc (Columbia). Joined The Edmonton Journal 1938; Southam London bureau 1945; Ottawa Citizen 1948; associate editor 1956; editor 1960; assistant publisher, The Calgary Herald 1961; publisher 1962. Director, Canadian Daily Newspaper Publishers Association, The Canadian Press. Associate director, Calgary Exhibition and Stampede.

Brian H. Shelley, CA.
Born Manchester, England, 1917. McDonald, Currie & Co. Toronto 1947, Brazilian Traction, Light & Power Company Limited, Sao Paulo, Brazil 1950. Joined the company in 1957 as assistant secretary-treasurer; appointed secretary-treasurer same year.

John F. Grainger.
Born North Bay, 1915. With mechanical departments, The North Bay Nugget and The Sudbury Star 1929-1938. Returned to The North Bay Nugget 1939; publisher 1941; president, North Bay Publishing Company Limited 1948; vice-president and publisher on acquisition by Southam Press Limited. Former member North Bay City Council.

A. Ronald Williams.
Born Tredegar, Wales, 1913. Joined Vancouver Province as assistant publisher in 1959; publisher, The Winnipeg Tribune 1965. Previously a reporter with Toronto Globe; reporter and later assistant city editor, Toronto Star; senior editor, Financial Post.

John D. Muir.
Born London, Ontario, 1919. B.Comm. (Queen's). Joined The Spectator as retail advertising manager 1952; advertising sales manager 1954; business manager 1959; assistant publisher 1970; publisher 1971. Past president of the Hamilton Red Cross Society and the Hamilton and District Visitors and Convention Bureau. Past chairman of the YMCA and currently a director. Former director of the Hamilton Chamber of Commerce.

John S. Ward.
Born Toronto, 1919. MacLaren Advertising Company Limited, 1946. Joined Toronto office of Southam Newspapers 1948; assistant advertising manager, The Edmonton Journal 1950; advertising director 1951; vice-president, marketing, head office, 1960. Director, Canadian Daily Newspaper Publishers Association; member, executive committee, Canadian Advertising Advisory Board.

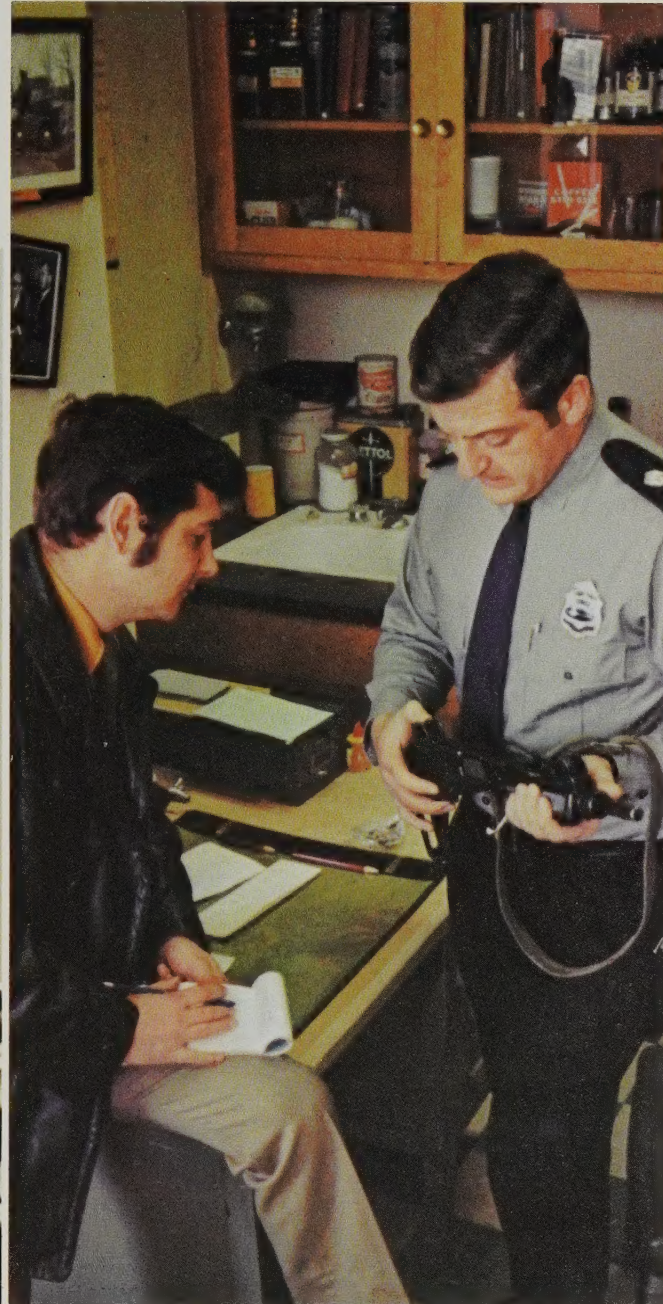
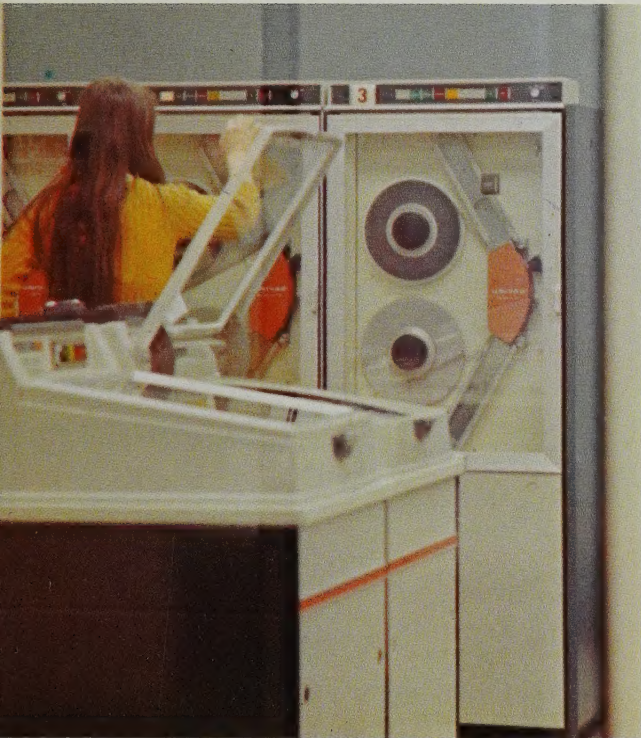
Peter O'Brian.
Born Toronto, 1917. Graduate of RAF College, England, 1937. Served with RAF until 1959. W. H. Smith & Son (Canada) Ltd., 1960. Urwick, Currie Limited, 1963. Joined Southam Press Limited as assistant to the president 1965; vice-president, personnel 1967. Governor, Trinity College School.

Michael A. Harrison.
Born Toronto, 1930. BASc (Toronto), DBA (London School of Economics). Athlone Fellow 1956-1958; served with Glassco Commission 1961 and Treasury Board 1965. Joined the company as vice-president, broadcasting, 1967; vice-president, tele-information 1970; chairman, telecommunications Committee, Canadian Manufacturers' Association; President, Council on Drug Abuse.



Writer, editor, photographer and craftsman, each performs his function in the communications process.

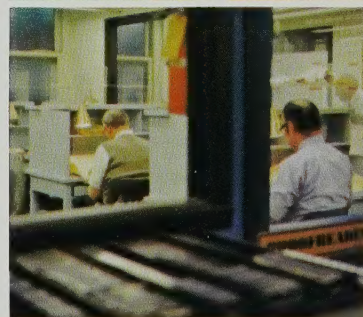
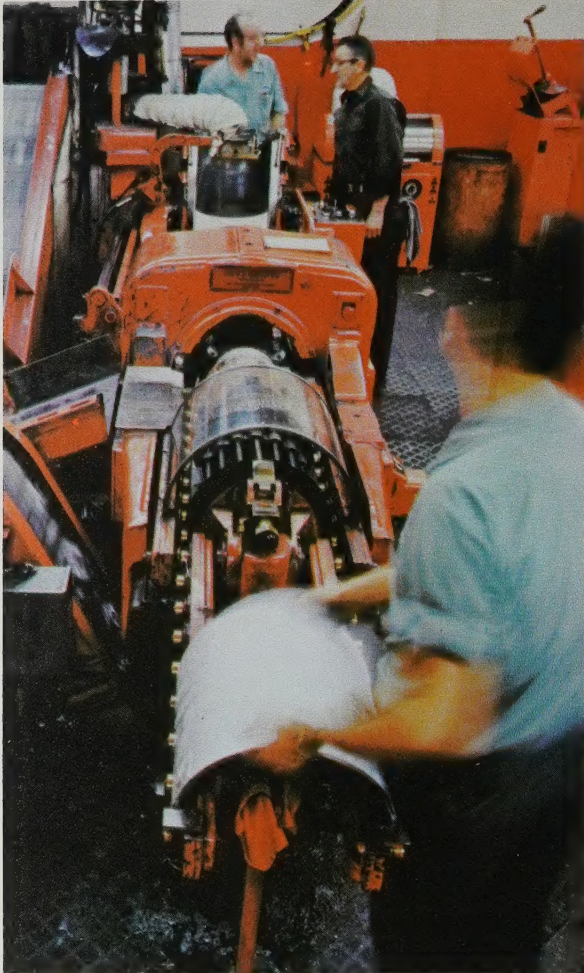
These pages show :
a photographer on assignment
computer equipment in use
a reporter in a police laboratory
a research librarian at her files
a compositor selecting type for a story heading
an editor in the lonely process of making decisions



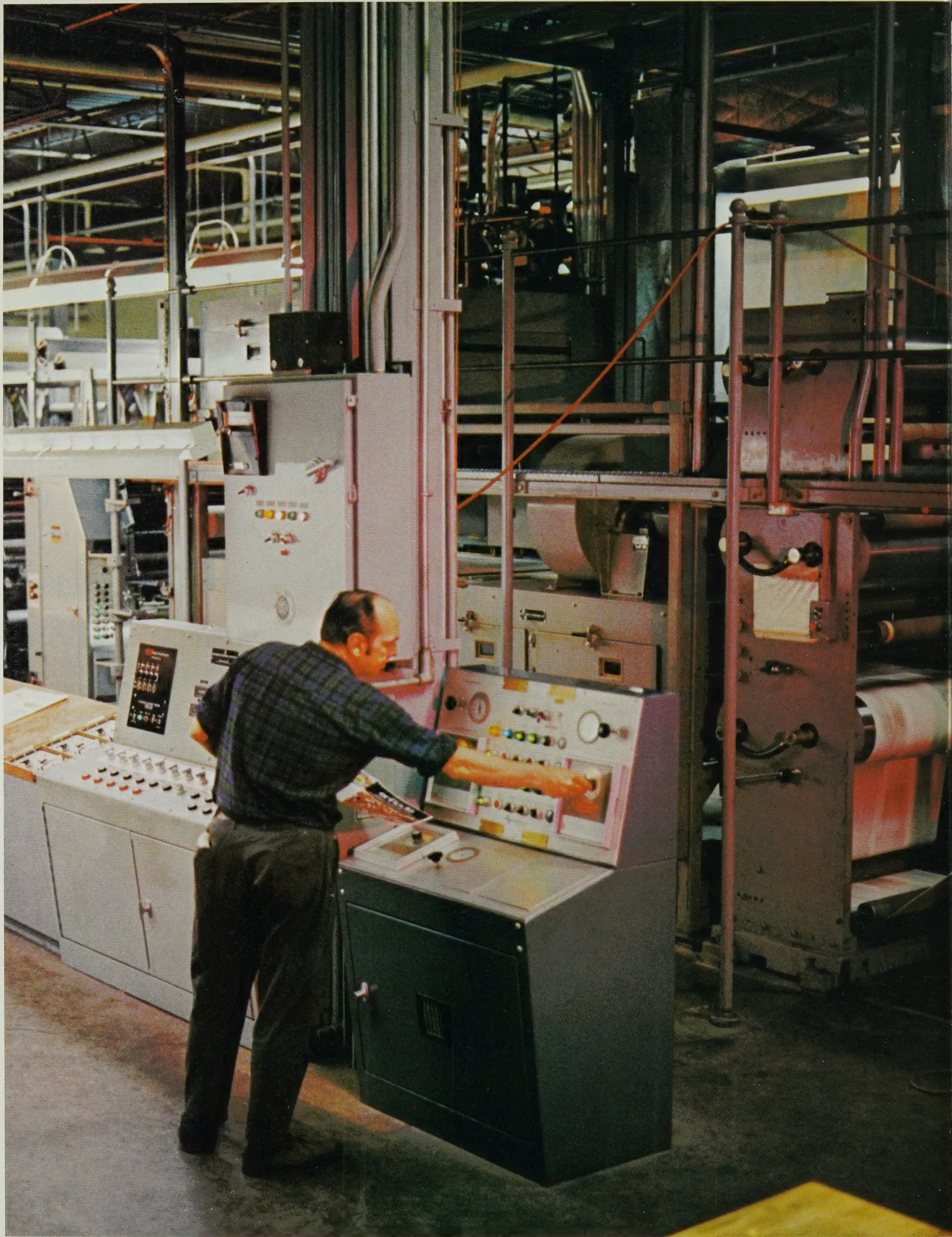
In today's world, craftsmen face the challenge of rapidly developing their skills.

New mechanical processes and equipment, capable of enormous speed, make it possible today for a writer's thoughts to be printed within hours for distribution to a million people.

On these pages :
curved stereo plates for mounting on the press
mail room activity
photo-composing a full page advertisement
proofreaders at work
a section of a high-speed newspaper press







In the commercial printing plants are found the necessary combination of creativity, craftsmanship and equipment embodying the latest technological developments. Work is prepared for processing by computer typesetting, electronic color photo scanners, and high-speed web offset presses matched to equally fast bindery assembly units. Working together within each division, craftsmen cooperate with technicians to achieve high levels of efficiency in order to match the requirements of high-speed equipment.

Shown here :
a web offset press with control console
a graphic designer
printed material ready for assembly
an electronic photo scanner
a computer typesetter





Your directors have pleasure in submitting the forty-fourth annual report of the company for the year ended December 31, 1970.

A number of unusual circumstances arose during the year which reversed the growth pattern that the company has experienced over most of the past decade. The general decline in the economy was felt by our divisions as by the rest of industry. In our case the situation was further aggravated by a two-week strike at The Ottawa Citizen and by a three-month stoppage at Pacific Press, an associate company fifty percent owned by Southam Press.

At the beginning of the year the company accepted the voluntary price restraints promulgated by the Federal Prices and Incomes Commission. During the last quarter the company co-operated with the Commission when it initiated a study of the newspaper industry. Also during the year a number of the company's officers, including publishers and editors, appeared before the Special Senate Committee on Mass Media. The heavy costs of the many briefs and appearances involved were absorbed in general expenses.

In spite of these and other inhibiting factors, total revenue from operations increased by 5.7 percent to \$111,000,000. Gross profit from newspapers and from printing and trade publishing subsidiaries was maintained. The labour dispute at Pacific Press led to a sharp reduction in net earnings of companies fifty percent owned. The business recession affected the dividends paid by a number of companies in which Southam has invested and during the year our interest in Niagara Television was sold to Selkirk Holdings Limited. Both factors contributed to a decrease in investment income.

During the year regular quarterly dividends of thirty cents and an extra dividend of fifteen cents were paid ; a total distribution of \$1.35 per share.

Change in Depreciation

For many years the company has charged depreciation on the declining balance method at rates allowed for tax purposes. For 1970 our auditors have recommended a change to straight line depreciation to avoid the distortion of reported profits which would result from the application of the declining balance method to the heavy investment in capital assets anticipated over the next few years. Making the change in 1970 has had a comparatively small effect on net income. On the previous basis earnings would have been understated by \$232,000.

Fixed Assets and Investments

Capital expenditures for additions and improvements to production facilities totalled \$5,057,000. New presses have been ordered for the Southam Murray plant and The Ottawa Citizen and planning for a new Citizen building is well advanced. A new site has been acquired for The Spectator in Hamilton and an addition to the offices of Southam Business Publications is under way in Don Mills.

At various times during the year the Canadian Radio-Television Commission approved the sale to Selkirk Holdings Limited of our minority interests in Niagara Television Limited, Calgary Broadcasting Company Limited, Edmonton Broadcasting Company Limited and Greater Winnipeg Cablevision Limited for \$717,500 and 491,080 Class "A" non-voting shares of Selkirk.

In September, Southam Business Publications Limited completed the purchase, for \$1,240,000, of National Business Publications Limited with its 14 publications.

The funds for this acquisition and for the additions to plant and equipment were provided from operations and by bank credit and from the redemption by Pacific Press Limited of \$500,000 of debentures held by Southam. Working capital at year-end was \$4,897,000, an increase of \$271,000 in the year.

Newspapers

Our newspapers ended a difficult year in a generally satisfactory position. Circulation in December totalled 748,000 compared to 742,000 in 1969. Growth at some papers was inhibited by higher subscription rates and, in the case of The Ottawa Citizen, by the strike in July of the International Typographical Union. The Citizen continued to publish despite support of the strikers by all other unions employed by the newspaper. A settlement was finally reached on satisfactory terms.

Circulation revenues increased by 8.6 percent.

Advertising volume, affected by the business slow-down, increased only .6 percent. Advertising revenue was up 5.2 percent, reflecting some rate increases.

The company maintained its policy of encouraging improvement in the editorial and news content of its publications. Each newspaper is operated by an independent team of capable men and women. Editorial policies are established at individual divisions, each of which is responsive to local problems in the community served.

The Southam News Services continued coverage of national and international affairs. Foreign bureaux are maintained in London, Paris, Washington and New York and Canadian bureaux in Ottawa, Quebec City and Toronto. News Services' staff travels extensively to the world's key news spots on special assignments.

During the year the transition to photo composition of retail display advertising was made at The Calgary Herald and The Edmonton Journal. Both papers have developed computer programs to assist in production and other areas of their operations.

Pacific Press Limited

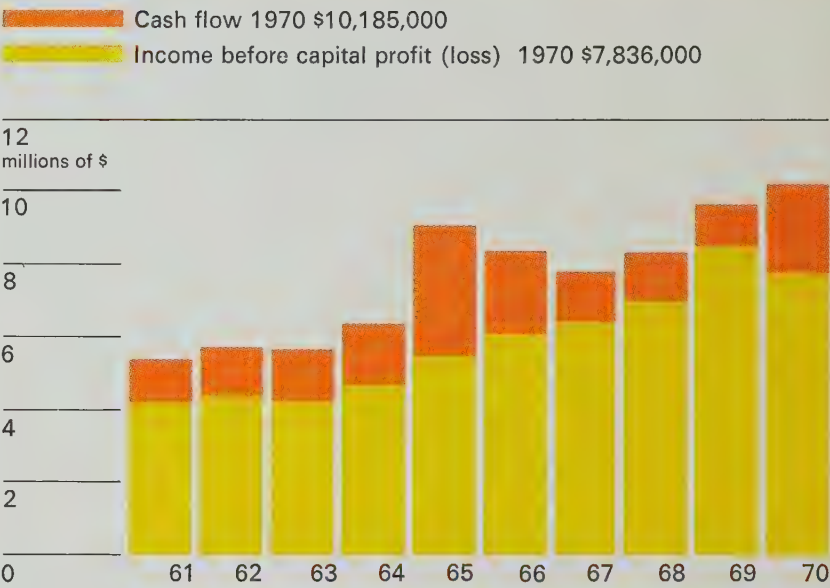
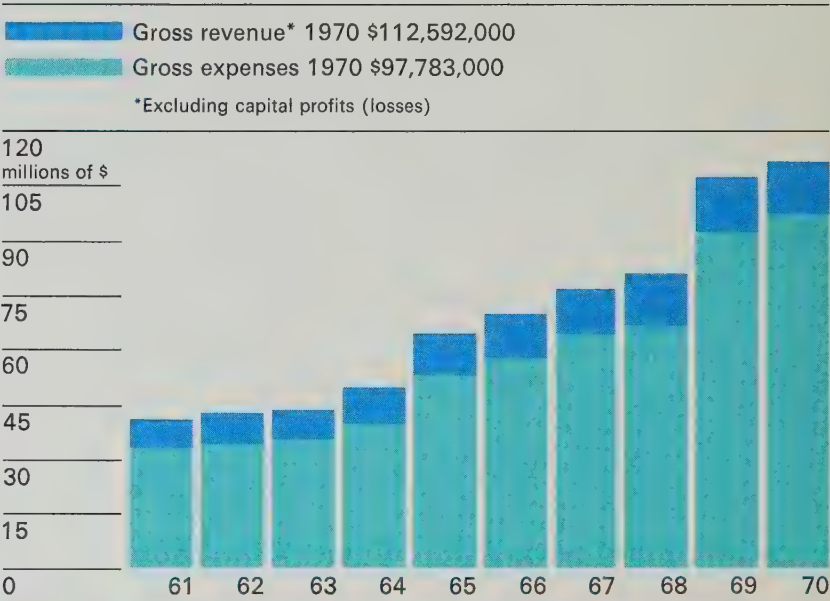
The dispute between Pacific Press Limited (fifty percent owned) and the Vancouver Joint Council of Newspaper Unions which was reported in last year's annual report was settled, after a shut-down of almost three months, on terms which far exceeded the guidelines recommended by the Prices and Incomes Commission. The company and its employees suffered financially during the shutdown. The employees achieved higher wages, to offset which The Province and The Sun each had to increase circulation and advertising rates. While circulations are increasing, by year-end neither paper had regained its pre-strike figure. On the other hand, advertising volumes do not seem to have been significantly affected.

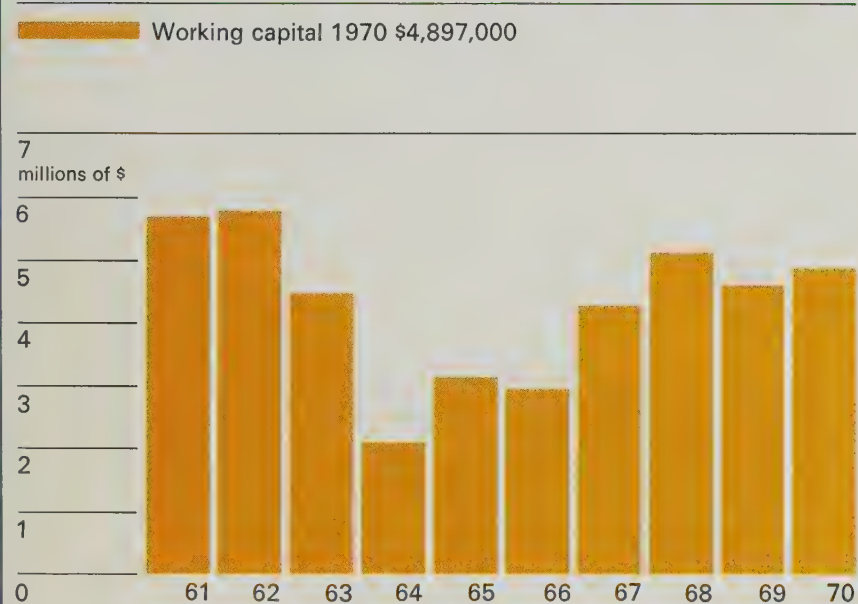
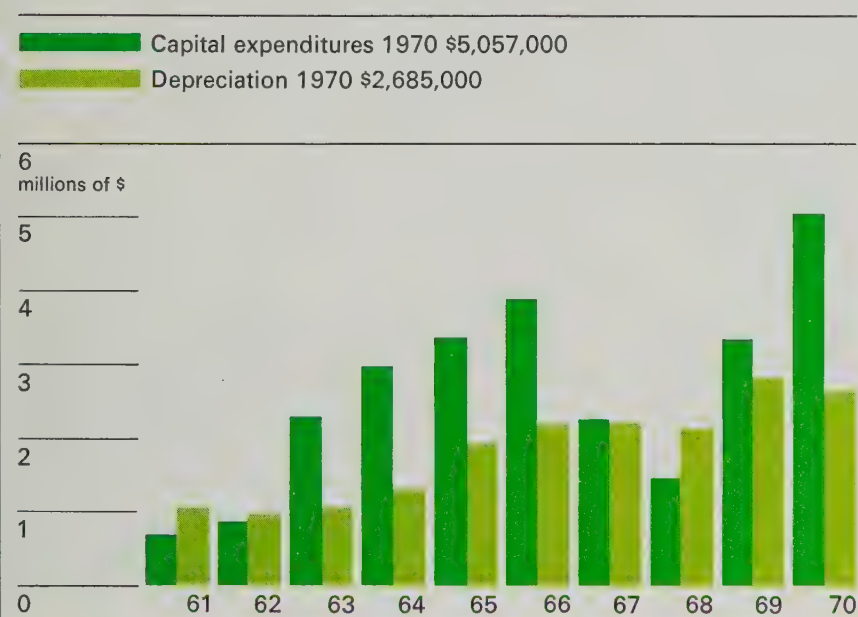
The Canadian

The Canadian is a weekly rotogravure magazine distributed to newspaper readers as a section of their weekend paper. It is published by Southstar Publishers Limited in which we are equal partners with Toronto Star Limited. Last year we reported that the printing contract for The Canadian was transferred to The Montreal Standard Publishing Company Limited. We also reported the decision to establish MagnaMedia Limited as advertising sales agent for the major newspaper magazine supplements. Substantial improvement in operating results was achieved in 1970 by these changes. Further improvement is expected in 1971.

The Southam Printing Company Limited

The changes in management personnel in the printing subsidiary which were referred to in the 1969 report resulted in an improvement in operations in 1970. Labour relations were satisfactory, productivity improved and further progress is anticipated in 1971. A substantial program of investment in new facilities is continuing.





Southam Business Publications Limited

While the overall results of this subsidiary improved, trade publications experienced a difficult year. Advertising volume declined while costs continued to increase despite strenuous efforts to control them.

On the other hand, the trade show division, which had suffered in 1969 from the unsatisfactory performance of Panex Incorporated, benefited from its shutdown at the end of that year.

The assimilation of the fourteen magazines published by National Business Publications Limited and of two others which were taken over after the turn of the year, is proceeding smoothly and will contribute to earnings in 1971.

Electronic Media

The Canadian Radio-Television Commission has now heard and approved all but one of the applications to sell to Selkirk Holdings Limited our minority interests in jointly owned broadcasting companies. As a result, Southam Press now holds 763,690 Selkirk non-voting class "A" shares.

An application to exchange our interest in CKOY Limited (Ottawa) for 72,411 additional shares of Selkirk has not yet been heard by the CRTC. The remaining Southam investment in broadcasting is the 25 percent interest in CFPL Broadcasting Company Limited which arises from our long-standing investment in the London Free Press.

A result of these various transfers has been a reduction in dividends received for 1970. The company's long term investment position in broadcast media has, however, been enhanced by consolidating it in a widely based public company with the special management expertise that is necessary to grow and prosper in broadcasting.

Research and Development

The company continues to study the possible impact of new technology on existing communications media and to examine new media and possible investment opportunities related to these. At the year-end the board of directors established a research and development sub-committee with the specific responsibility of overseeing this aspect of the company's future growth. A number of new ventures are currently under study.

Community and Employee Relations

The company maintained its support of many charitable, educational and cultural activities in communities across Canada. Support was given through newspaper publicity and printing in addition to cash contributions of \$411,000. Of this amount, \$41,000 went to the University of Toronto for the Southam Fellowships in Journalism. We are encouraged to feel that these are contributing to the long range objective of improving the quality of Canadian journalism.

The contribution made to the company's progress by all personnel should be emphasized. Relations with most employees have continued on a satisfactory basis. Wage settlements generally throughout the company have exceeded productivity gains.

Southam Press and its subsidiaries now have 5,182 employees, an increase of 30 for the year. In 1970, the company's contribution to employee benefits was \$2,720,000, an increase of \$141,000.

Senior Personnel

Southam Press suffered a heavy loss through the death in October of W. Culver Riley, O.B.E., LL.D., who had been a director since 1960. The vacancy on the board was filled by the appointment of Frank G. Swanson, vice-president and publisher of The Calgary Herald since 1962.

At the end of the year, Thomas E. Nichols, vice-president and publisher of The Spectator, Hamilton, since 1955 and a director and member of the executive committee, retired after making an outstanding contribution to the company over a period of forty-three years. He has been succeeded as vice-president and publisher by John D. Muir, previously assistant publisher.

Philip S. Fisher, S.M., C.B.E., has asked to be allowed to retire from the board of which he has been a member since 1928. He leaves Southam Press after forty-seven years service as Managing Director, then President and, finally, as Chairman of the Board.

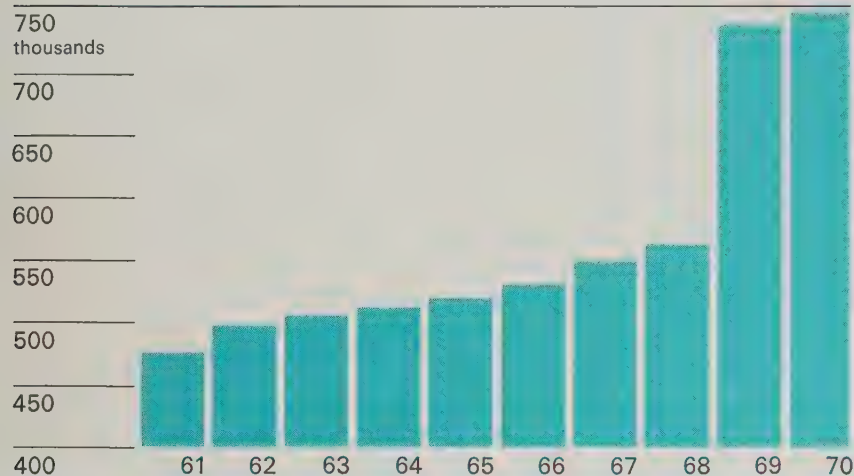
Throughout his career, he set for himself and for others the highest standards of integrity and fairness. The clarity of his thinking and understanding and consideration of other people have been of immeasurable value to the company.

Public Enquiries

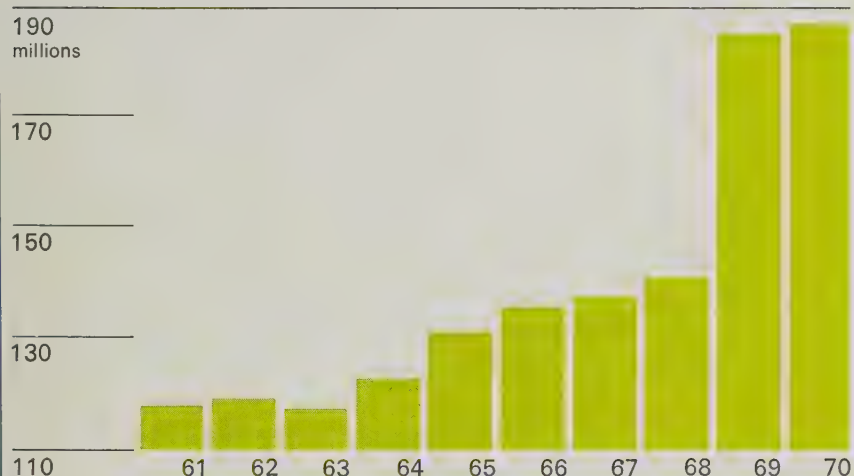
The report of the Special Senate Committee on Mass Media was released in December and has been extensively covered in the press. A full review of the report revealed a number of significant errors in fact concerning the operations of this company. These have been brought to the attention of the committee's chairman.



Combined newspaper circulation 1970 748,000



Newspaper advertising linage 1970 186,670,000



While much of the committee's research has been useful and many of its recommendations were expected, we believe the specific terms under which it proposes the establishment of a Press Ownership Review Board would be dangerous. It would place in the hands of a government-appointed committee almost unrestricted power over future press ownership. Such a board could wield an overpowering influence over the full reporting of news and the free expression of views.

Southam Press accepts the need for some limits on the expansion of multiple ownership but is strongly opposed to the specifics of this proposal as outlined in the committee report.

General Outlook

The year has commenced with business at a disappointing level. The company faces higher costs for newsprint and substantially increased wages. However, economic forecasts are for a steady, if unspectacular, improvement as the year progresses.

If the forecasts of an increased consumer willingness to spend are fulfilled, our business will reflect this improvement but we do not look for any substantial quickening of the business pace in the months immediately ahead.

Philip T. Fisher

Chairman

William Baylour

President

Retirement Fund Statement (not included in company accounts) (Dollars in thousands)

	1970	1969
Balance January 1st	\$23,833	\$21,803
Contributions during the year :		
Employee required	786	759
Company	872	840
	1,658	1,599
Employee voluntary extra	74	75
	1,732	1,674
Net income of fund	1,273	1,112
	26,838	24,589
Payments for pensions and refunds on death or termination	1,005	756
Balance December 31st	\$25,833	\$23,833

Funds are administered by The Royal Trust Company, The Canada Trust Company or invested in government annuities.

Auditors' report

Thorne,
Gunn,
Helliwell
& Christenson

To the Shareholders of
Southam Press Limited

We have examined the consolidated balance sheet of Southam Press Limited and subsidiary companies as at December 31, 1970 and the consolidated statements of income, retained earnings and source and use of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these consolidated financial statements present fairly the financial position of the companies as at December 31, 1970 and the results of their operations and the source and use of their funds for the year then ended, in accordance with generally accepted accounting principles which, except for the change in the method of providing depreciation as explained in note 2 to the financial statements, have been applied on a basis consistent with that of the preceding year.

Thorne, Gunn, Helliwell & Christenson

Toronto, Canada
February 19, 1971

Chartered Accountants

Consolidated statement of income
(Expressed in thousands, except per share amounts)

Year ended December 31		1970	Percentage change	1969
Revenue from operations	Newspapers	\$ 69,131		\$ 65,252
	Printing	31,538		29,742
	Trade publications and shows	10,092		9,771
		110,761	+5.7	104,765
Costs and operating expenses	Salaries, wages and employee benefits	47,004		43,758
	Newsprint, paper and ink	22,593		21,537
	Other supplies and services	25,023		23,900
	Depreciation (note 2)	2,685		2,846
	Interest on long term debt	189		200
	Other interest	289		263
		97,783	+5.7	92,504
		12,978		12,261
Equity in net earnings of companies 50% owned (note 4)		1,047		1,825
Income from other investments		784		1,030
		14,809	-2.0	15,116
Income taxes		6,973	+5.7	6,595
Income before loss on investments and surplus fixed assets		7,836	-8.0	8,521
Loss on investments and surplus fixed assets, net		—		451
Net income		\$ 7,836		\$ 8,070
Per share (note 2)				
	Income before loss on investments and surplus fixed assets	\$2.53		\$2.75
	Net income	\$2.53		\$2.60

Consolidated statement of retained earnings
(Expressed in thousands)

Year ended December 31		1970	1969
	Balance at beginning of year	\$ 27,925	\$29,533
	Add net income for the year	7,836	8,070
		35,761	37,603
Deduct	Dividends — \$1.35 per share	4,185	4,185
	Excess of cost of subsidiary companies, newspapers and trade publications acquired over values attributed to their net tangible assets	978	5,493
		5,163	9,678
	Balance at end of year	\$ 30,598	\$27,925

Consolidated Balance Sheet Southam Press Limited
(Incorporated under the laws of Canada) and subsidiary companies
(Expressed in thousands)

		December 31	1970	1969
	Assets			
Current Assets	Cash		\$ 591	\$ 632
	Accounts receivable (after allowance for doubtful accounts)		11,486	10,377
	Inventories (note 3)		4,213	4,583
	Prepaid expenses		671	577
	Special refundable tax		—	32
			16,961	16,201
Investments	Companies 50% owned (note 4)		7,711	7,813
	Other investments at cost (note 5)			
	Newspaper and publishing companies		1,462	1,385
	Radio and television companies		3,744	3,665
	Mortgages receivable		628	664
	Sundry investments		264	225
			13,809	13,752
Fixed Assets	Land at not more than cost		3,606	3,085
	Buildings at cost		19,528	18,968
	Machinery and equipment at cost		40,864	37,367
			63,998	59,420
	Less accumulated depreciation		39,051	36,903
			24,947	22,517
Advances	Employees' stock purchase loan plan		355	370
			\$56,072	\$52,840

**Notes to consolidated
financial statements
December 31, 1970**

1. The consolidated financial statements include the accounts of all subsidiary companies. Revenue and expenses of companies which became subsidiaries during a year are included from the dates of acquisition of control. The more substantial operating subsidiary companies are:

The Southam Printing Company Limited
Southam Business Publications Limited
Gazette Printing Company (Limited)

2. Effective January 1, 1970 the companies changed the method of providing depreciation from a declining balance basis at rates normally permitted for income tax purposes to a straight line basis using principally the following rates:

Buildings	2½% per annum
Machinery and equipment	10% per annum

Had the method used in 1969 been used in 1970 net income would have been decreased by approximately \$232,000 or 7 cents per share.

3. Inventories consist of the following:

	1970	1969
Materials and supplies at the lower of cost or replacement cost	\$2,210,000	\$2,586,000
Work in process at the lower of cost or net realizable value	2,003,000	1,997,000
	\$4,213,000	\$4,583,000

4. The company follows the practice of including in income its equity in net earnings of companies 50% owned and reflecting

the investment in such companies at the value of their underlying net tangible assets. The 50 percent owned companies are:

Pacific Press Limited
Southstar Publishers Limited
C. O. Nickle Publications Co. Ltd.
Apartment Data Centres Limited
Trans Canada Expositions Limited

5. At December 31, 1970 significant interests in common shares of other companies (less than 50 percent owned) are as follows:

Companies	Percent interest in common shares
Newspaper and publishing companies	
Sun Publishing Company Limited (Brandon)	49
Kitchener-Waterloo Record Limited	48
The London Free Press Holdings Limited	25
Radio and television companies	
Calgary Broadcasting Company Limited	40
Edmonton Broadcasting Company Limited	40
CKOY Limited (Ottawa)	38
Selkirk Holdings Limited, A (non-voting)	36
Selkirk Holdings Limited, B (voting)	30
CFPL Broadcasting Limited, B (voting)	25
Greater Winnipeg Cablevision Limited	25
Other companies	
Quality Records Limited	11

The company's equity in net earnings attributable to its interest in common shares of these companies exceeds by \$881,000 the dividends received and included in 1970 income (1969 — \$501,000). At December 31, 1970 the company's equity in net tangible assets of these companies exceeds the value at which the investments are carried by \$3,096,000.

	December 31	1970	1969
Current Liabilities	Liabilities		
	Bank advances	\$ 2,804	\$ 2,115
	Accounts payable and accrued liabilities	6,905	6,294
	Income and other taxes	911	1,690
	Deferred revenue — subscriptions and rentals	1,287	1,326
	Payments on long term debt due within one year	157	150
		12,064	11,575
Long Term Debt (non-current portion)	Perpetual redeemable 5% debentures	2,213	2,248
	Long term debt of subsidiary companies (note 6)	2,122	2,079
		4,335	4,327
Deferred Income Taxes		1,075	1,013
Shareholders' Equity			
Capital stock			
Common shares without nominal or par value			
Authorized — 4,000,000 shares			
Issued — 3,100,000 shares			
		8,000	8,000
	Retained earnings	30,598	27,925
		38,598	35,925
Approved by the Board of Directors Philip S. Fisher, Director St. Clair Balfour, Director		\$56,072	\$52,840

The company agreed in 1969 to sell its investments in certain radio and television companies to Selkirk Holdings Limited for non-voting Class A shares of Selkirk and cash. Accordingly:

- Niagara Television Limited was sold in 1970 for 421,280 Class A shares.
- Calgary Broadcasting Company Limited, Edmonton Broadcasting Company Limited and Greater Winnipeg Cablevision Limited were sold subsequent to December 31, 1970 for 69,800 Class A shares and \$717,500 cash, and,
- Subject to approval of the Canadian Radio-Television Commission, CKOY Limited (Ottawa) is to be sold for 72,411 Class A shares.

Upon completion of these transactions the company will have an interest of approximately 40% in the Class A shares of Selkirk. It is anticipated that, on completion of a proposed issue by Selkirk in 1971 of further Class A shares, the company's interest will be reduced to approximately 30% of the Class A shares.

6. Long term debt of subsidiary companies consists of the following:

	1970	1969
Notes payable to bank		
Due 1972	\$1,000,000	
Due 1971		\$1,000,000
First mortgage 6½% bonds due 1974	880,000	940,000
Mortgage 6¼% due 1975	190,000	
Secured 6¼% loan due 1974	52,000	70,000
Unsecured 6% loan due 1971		69,000
	\$2,122,000	\$2,079,000

7. Commitments for acquisition of fixed assets payable during 1971 and 1972 amounted to \$7,909,000 at December 31, 1970.

8. Remuneration of directors and officers for 1970 was as follows:

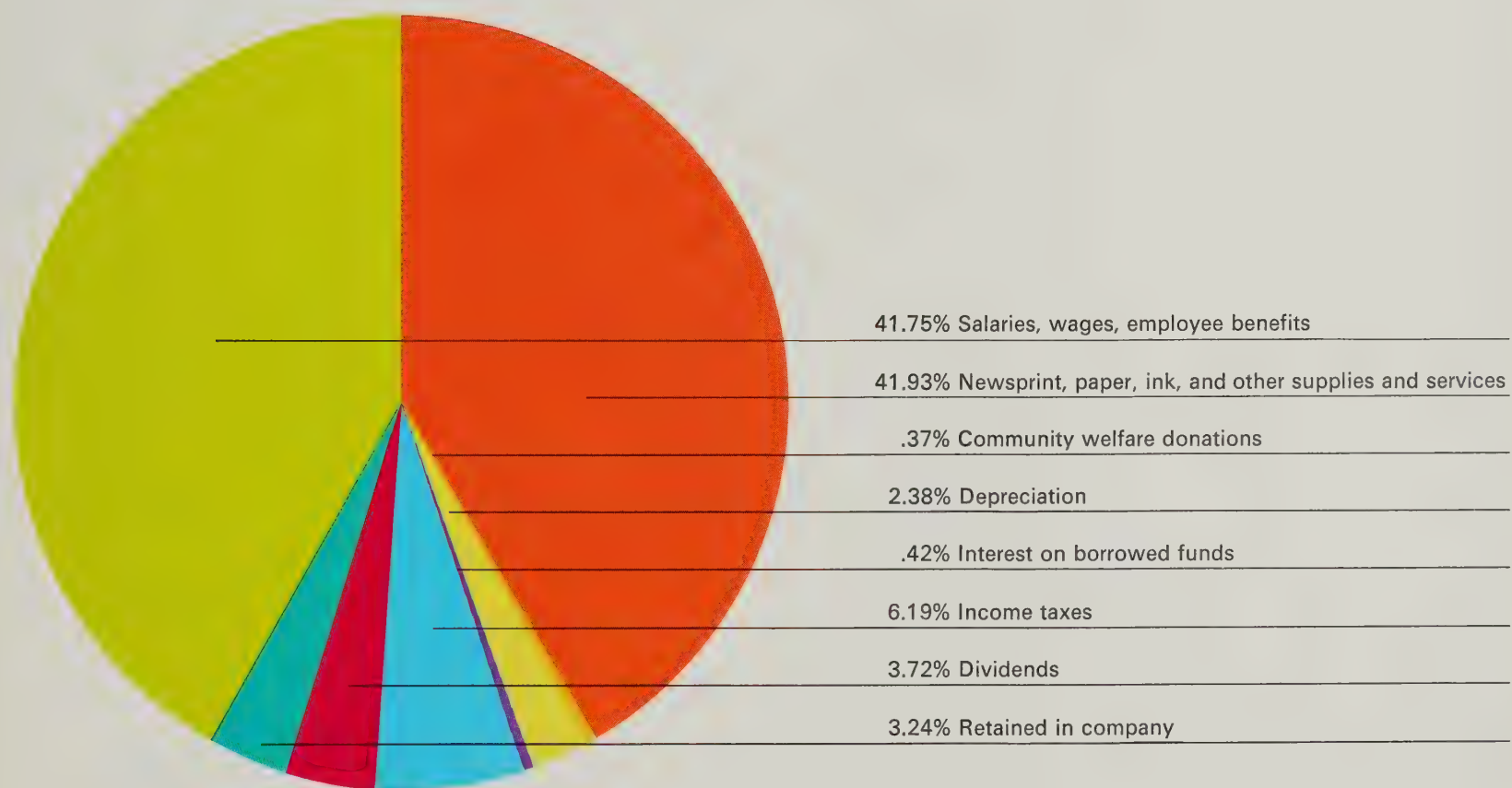
Company	Number			Remuneration	
	Directors	Officers	Officers also Directors	As Directors	As Officers
Southam Press Limited	17	30	8	\$32,000	\$876,000
The Southam Printing Company Limited	10	15	4	5,000	310,000
Southam Business Publications Limited	7	9	3	2,000	178,000
Gazette Printing Company (Limited)	6	4	1		101,000
Other subsidiary companies	27	23	12	2,000	139,000

Consolidated statement of source and use of funds
(Expressed in thousands)

		Year ended December 31	1970	1969
Source of funds	From operations			
	Net income for the year		\$ 7,836	\$ 8,070
	Add (deduct) non-cash items			
	Depreciation charged against income		2,685	2,846
	Loss on investments and surplus fixed assets		—	467
	Deferred income taxes		62	(591)
	Increase in equity of companies 50% owned in excess of dividends received		(398)	(1,153)
			10,185	9,639
	Investments realized		565	1,088
	Long term borrowing		1,202	1,000
	Common stock issued		—	5,000
	Working capital of subsidiaries, newspapers and trade publications acquired		265	1,914
			12,217	18,641
Use of funds	Dividends		4,185	4,185
	Additions to fixed assets, net		5,057	3,349
	Long term debt repaid or currently payable		1,233	341
	Investments acquired		224	1,208
	Acquisition of subsidiaries, newspapers and trade publications		1,262	9,928
	Advances under employees' stock purchase loan plan, net		(15)	187
			11,946	19,198
	Increase (decrease) in working capital		271	(557)
	Working capital at beginning of year		4,626	5,183
	Working capital at end of year		\$ 4,897	\$ 4,626

Disposition of revenue
(Expressed in thousands)

	1970		1969	
Gross revenue	\$112,592	100.00%	\$107,620	100.00%
Salaries and wages	44,284	39.33	41,179	38.26
Employee benefits	2,720	2.42	2,579	2.40
Newsprint, paper and ink	22,593	20.07	21,537	20.01
Other supplies and services	24,612	21.86	23,558	21.89
Community welfare donations	411	.37	342	.32
Depreciation	2,685	2.38	2,846	2.64
Interest on borrowed funds	478	.42	463	.43
Income taxes	6,973	6.19	6,595	6.13
Dividends	4,185	3.72	4,185	3.89
Retained in company	3,651	3.24	4,336	4.03
	\$112,592	100.00%	\$107,620	100.00%



Ten-year comparative summary

(Expressed in thousands, except per share amounts)

		1961	1962
Income	Revenue from operations	\$ 40,742	41,853
	Income from investments	\$ 947	1,125
	Costs and operating expenses	\$ 32,300	33,506
	Interest on borrowed funds	\$ 296	258
	Depreciation	\$ 1,020	990
	Income taxes	\$ 3,815	3,823
	Income before capital profit (loss)	\$ 4,258	4,401
	Income before capital profit (loss) as a percent of revenue	% 10.21	10.24
	Capital profit (loss)	\$ 253	372
	Net income	\$ 4,511	4,773
	Net income per share	\$ 1.50	1.59
	Dividends paid	\$ 2,400	2,550
	Dividends per share	\$.80	.85
	Percent income distributed	% 53.2	53.5
Balance Sheet	Current assets	\$ 10,407	10,804
	Current liabilities	\$ 4,700	4,999
	Working capital	\$ 5,707	5,805
	Investments	\$ 7,512	9,030
	Fixed assets — gross	\$ 23,525	22,332
	Accumulated depreciation	\$ 13,610	13,338
	Other assets	\$ —	—
	Long term debt	\$ 4,626	3,945
	Minority shareholders' equity	\$ 46	—
	Deferred income taxes	\$ —	—
	Capital stock	\$ 3,000	3,000
	Retained earnings	\$ 15,462	16,884
	Equity per common share	\$ 6.15	6.63
Statistics	Advertising linage — newspapers (1,000's)	117,771	118,577
	Advertising pages — magazines (1,000's)	9	9
	Newspaper pages (1,000's)	87	89
	Magazine pages (1,000's)	17	18
	Daily newspaper circulation — December (1,000's)	478	495
	Tons of newsprint used (1,000's)	46	49
	Employees	2,794	2,781
	Salaries and wages paid	\$ 14,081	14,439
	Employee benefits	\$ 848	975
	Improvements to plant	\$ 742	897
	Shareholders	2,053	2,271
	Price range per common share	\$ 34-21	34½-25

*Equity in net earnings of 50 percent owned companies included in income.

1963	1964	1965	*1966	*1967	*1968	*1969	*1970
43,083	48,874	62,954	67,560	73,843	78,487	104,765	110,761
1,182	1,109	1,099	1,793	2,340	2,618	2,855	1,831
35,007	39,638	51,263	55,982	62,218	65,067	89,195	94,620
214	177	221	260	347	226	463	478
1,072	1,336	1,934	2,175	2,217	2,151	2,846	2,685
3,710	4,108	5,126	4,818	4,945	6,141	6,595	6,973
4,262	4,724	5,509	6,118	6,456	7,520	8,521	7,836
9.63	9.45	8.60	8.82	8.47	9.27	7.92	6.96
286	—	1,337	218	—	—	(451)	—
4,548	4,724	6,846	6,336	6,456	7,520	8,070	7,836
1.52	1.57	2.28	2.11	2.15	2.50	2.60	2.53
3,450	3,450	3,600	3,600	3,600	4,050	4,185	4,185
1.15	1.15	1.20	1.20	1.20	1.35	1.35	1.35
75.8	73.0	52.6	56.8	55.8	53.9	51.9	53.4
10,202	9,205	11,134	12,028	11,762	14,763	16,201	16,961
5,736	7,108	7,994	9,037	7,482	9,580	11,575	12,064
4,466	2,097	3,140	2,991	4,280	5,183	4,626	4,897
8,715	7,632	7,928	9,912	11,384	12,979	13,752	13,809
24,344	36,346	39,915	42,793	44,847	46,146	59,420	63,998
14,108	21,041	22,907	24,066	26,069	27,937	36,903	39,051
—	—	120	531	501	183	370	355
3,186	4,024	3,954	4,048	3,854	2,648	4,327	4,335
—	—	—	—	—	—	—	—
135	642	1,077	1,515	1,635	1,373	1,013	1,075
3,000	3,000	3,000	3,000	3,000	3,000	8,000	8,000
17,096	17,368	20,165	23,598	26,454	29,533	27,925	30,598
6.70	6.79	7.72	8.86	9.82	10.84	11.59	12.45
117,210	122,528	130,667	135,391	137,107	142,136	185,444	186,670
10	15	19	19	19	17	17	16
88	91	96	105	107	110	146	147
21	30	38	39	38	34	31	32
506	513	521	531	550	563	742	748
50	53	57	58	62	65	87	87
2,813	3,649	3,777	3,903	4,042	4,032	5,152	5,182
15,023	17,135	22,864	24,959	28,256	29,969	41,179	44,284
1,009	1,091	1,298	1,293	1,667	1,786	2,579	2,720
2,314	2,999	3,398	3,889	2,268	1,492	3,349	5,057
2,429	2,499	2,673	2,714	2,662	2,626	2,855	2,763
36 ³ / ₈ -29	34-27	40-33	42-31	51-32	64-38 ³ / ₄	67 ¹ / ₂ -55	65-43

Directors and Officers

Southam Press Limited

†Philip S. Fisher, SM, CBE, chairman
Montreal, Quebec

†St. Clair Balfour, president

†Gordon N. Fisher, vice-president and
managing director

*F. S. Auger, vice-president and publisher
The Province, Vancouver
(published for Pacific Press Limited)

Michael Barkway, publisher and editor
Financial Times of Canada

W. R. Dane, publisher
The Owen Sound Sun-Times

J. F. Evans, publisher
The Prince George Citizen

*Colin S. Glassco, chief executive officer
The Southam Printing Company Limited

J. F. Grainger, vice-president and publisher
The North Bay Nugget

Michael A. Harrison, vice-president,
tele-information

John D. Muir, vice-president and publisher
The Spectator, Hamilton

*Ross Munro, OBE, vice-president and publisher
The Edmonton Journal

I. C. MacDonald, publisher and editor
The Medicine Hat News

Peter O'Brian, vice-president, personnel

*C. H. Peters, president,
Gazette Printing Company (Limited); publisher
The Gazette, Montreal

Brian H. Shelley, CA, secretary-treasurer

†R. W. Southam, vice-president and publisher
The Ottawa Citizen

†W. W. Southam, vice-president

*F. G. Swanson, vice-president and publisher
The Calgary Herald

John S. Ward, vice-president, marketing

A. R. Williams, vice-president and publisher
The Winnipeg Tribune

†George L. Crawford, QC, Calgary, Alberta

*T. E. Nichols, Dundas, Ontario

†B. B. Osler, QC, Toronto, Ontario

†J. Jacques Pigott, Toronto, Ontario

*G. H. Southam, Ottawa, Ontario

*Gordon T. Southam,
Vancouver, British Columbia

*Adam H. Zimmerman, Toronto, Ontario

The Southam Printing Company Limited

*St. Clair Balfour, chairman of the board

*Colin S. Glassco, vice-chairman of the board
and chief executive officer

*E. M. Pritchard, president and
chief operating officer

John S. Crawford, vice-president and
general manager, Gazette Printing Division

R. J. O'Connell, vice-president and
general manager, Specialty and
Business Forms divisions

Frank Robins, vice-president and
general manager, Southam Nicholson Division

Thomas J. Ryan, vice-president and
general manager, Southam Murray Division

D. G. Scott, FCA, secretary and treasurer

*A. Y. Eaton, Toronto, Ontario

*Gordon N. Fisher, Toronto, Ontario

*John D. Murray, Toronto, Ontario

*B. B. Osler, QC, Toronto, Ontario

*J. Jacques Pigott, Toronto, Ontario

*W. W. Southam, Toronto, Ontario

Southam Business Publications Limited

*St. Clair Balfour, chairman of the board

*James A. Daly, vice-chairman of the board

*Aubrey Joel, president and managing director

Claude Beauchamp, vice-president

G. W. Funston, vice-president

D. H. Jarrett, CA, secretary-treasurer

E. V. Manser, vice-president

*Gordon N. Fisher, Toronto, Ontario

*B. B. Osler, QC, Toronto, Ontario

*J. Jacques Pigott, Toronto, Ontario

*W. W. Southam, Toronto, Ontario

*Director

†Director and
member of the Executive Committee

Head Office

321 Bloor Street East, Toronto

Newspapers

The Gazette, Montreal
The Ottawa Citizen
The North Bay Nugget
The Spectator, Hamilton
The Owen Sound Sun-Times
The Winnipeg Tribune
The Medicine Hat News
The Edmonton Journal
The Calgary Herald
The Prince George Citizen
The Province, Vancouver
(Published for Pacific Press Limited)
Financial Times of Canada, Montreal
News & Chronicle, Pointe Claire, Quebec

News bureaux

Southam News Services
Ottawa, Quebec, Toronto, Washington,
New York, London, Paris

Newspaper advertising offices

Toronto, Montreal and representation in
Vancouver and London, England

Wholly owned subsidiaries

Age Publishing Company Limited,
Toronto
Autographic Business Forms Limited,
Montreal
Fullerton Weston Publishing Limited,
Don Mills, Ontario
Gazette Printing Company (Limited),
Montreal
Journal of Commerce Limited,
Vancouver
Lakeshore News Limited,
Pointe Claire, Quebec
Murray Printing & Gravure Limited,
Weston, Ontario
National Business Publications Limited,
Gardenvale, Quebec
Owen Sound Sun-Times Limited,
Owen Sound, Ontario
Grant Smedmor Limited,
Toronto
Southam Business Publications Limited,
Don Mills, Ontario
The Southam Printing Company Limited,
Montreal, Toronto, Vancouver
Southex (1970) Limited,
Toronto
Whitehold Investments Limited,
Montreal

Associated companies (50 percent owned)

Apartment Data Centres Limited,
Toronto
C. O. Nickle Publications Company Limited,
Calgary
Pacific Press Limited,
Vancouver
Southstar Publishers Limited,
Toronto
Trans Canada Expositions Limited,
Toronto

Business Publications

Administrative Digest
A L'Etalage
Architecture-Concept
British Columbia Lumberman
Canadian Architect, The
Canadian Chemical Processing
Canadian Consulting Engineer
Canadian Doctor
Canadian Farm Equipment Dealer
Canadian Forest Industries
Canadian Industrial Equipment News
Canadian Metalworking Production
Canadian Mining Journal
Canadian Petroleum
Canadian Plastics
Canadian Transportation & Distribution
Management
Canadian Wood Products Industries
Construction West
Data Canada
Electrical Equipment News
Electronics & Communications
Engineering & Contract Record
Executive
Furniture & Furnishings
Génie Construction
Good Farming
Heating, Plumbing, Air Conditioning
Hospital Administration in Canada
Journal of Commerce
L'Agriculteur Progressif
Laboratory Product News
Opérations Forestières
Plomberie, Chauffage et Climatisation
Pulp & Paper Magazine of Canada
Shoe & Leather Journal
SHOP
Southam Building Guide
Western Business & Industry

CanaData
Canadian Ad-Chart Services
French Translation Services
Action Mailers
Mail Sales
Informex
Marketing Communications
Southam Building Reports East & West
Product Announcement Cards
Research

Trade and consumer shows

operated or managed by the Southex Division
of Southam Business Publications Limited and
Grant Smedmor Limited, a subsidiary of
Southam Business Publications Limited

Southex Division

Canadian Chemical and Process
Equipment Exhibition, Toronto
Canadian Engineering Design Show, Toronto
Canadian Floorcoverings Market, Toronto
Canadian Furniture Mart, Toronto
Canadian Western Farm and Ranch Show,
Edmonton
Forest Industries Equipment Exhibition, Ottawa
Georama '72, Montreal
National Interior Design Show, Toronto
National Mechanical Trades Show, Toronto
National Petroleum Show, Calgary
*Ottawa Home Show, Ottawa
Pacific Education Show, Vancouver
Pacific Outdoor Sports and Vacation Show,
Vancouver
Vancouver Home Show, Vancouver
Western Construction Materials and
Equipment Show, Vancouver

Grant Smedmor Limited

Canadian Data Processing Conference, Montreal
Canadian National Business Show, Montreal
Canadian Pool & Patio Show, Toronto
International Electronics Conference &
Exposition, Toronto
National Home Show, Toronto

*Produced by Trans Canada Expositions Limited,
jointly owned by Southam Business Publications
Limited and Maclean-Hunter Limited.

Produced in Canada
by Gazette Printing Company (Limited),
a division of
The Southam Printing Company Limited

The company

Southam Press Limited is a Canadian-owned company whose origins reach back almost to Confederation. The company began in 1877 when William Southam bought a half interest in The Hamilton Spectator. Between that date and 1927, when the family newspaper interests were reorganized as The Southam Publishing Company Limited, he and his six sons established or purchased seven other businesses. These were printing companies in Toronto (1881) and Montreal (1889) and newspapers, The Ottawa Citizen (1897), The Calgary Herald (1908), The Edmonton Journal (1912), The Winnipeg Tribune (1920) and The Vancouver Province (1923). A one-quarter interest in The London Free Press had also been bought.

William Southam in his earlier years had a substantial interest in other forms of business in Hamilton but over the years the family hammered out a policy of concentration on newspaper publishing and printing. In later years this policy was expanded to include a broader range of communications, including magazines, radio and television.

Originally the Southam family was not the sole owner of these enterprises; but commencing in 1927 The Southam Publishing Company Limited acquired all the minority equity interests, issuing shares in payment therefor.

In 1938 the name was changed to The Southam Company Limited and in 1941 all the subsidiaries became divisions by transferring their assets to the parent company. Additional shares were issued in 1945 and made available to the public. In 1964 the company name was again changed, to Southam Press Limited.

After the war the company entered a new phase of expansion. This resulted in the acquisition of The Medicine Hat News (1948), The North Bay Nugget (1956), Financial Times of Canada (1961), a national weekly newspaper covering the fields of business, finance and economics, The Gazette, Montreal (1969), The Owen Sound Sun-Times (1969), The Prince George (B.C.) Citizen (1969). Also acquired during this period was a 47 percent interest in the Kitchener-Waterloo Record (1953), and a 49 percent interest in The Brandon Sun (1967). Pacific Press Limited, in which the company holds a 50 percent interest, was incorporated in 1957 to own The Vancouver Province and The Vancouver Sun.

In 1965 Southstar Publishers Limited was formed in equal partnership with Toronto Star Limited to publish a weekly rotogravure magazine, The Canadian. It is distributed with Southam newspapers, the Toronto Star, the Star Weekly, the Regina Leader-Post, the Saskatoon Star-Phoenix and the London Free Press.

In 1958 the commercial printing operations of the company were incorporated in a subsidiary, The Southam Printing Company Limited. In 1964 this subsidiary purchased Murray Printing & Gravure Limited which owned the largest gravure printing plant in Canada. The operations of Murray and of the Toronto plant of Southam Printing were integrated in expanded facilities at Weston, Ontario, in 1966. The operating divisions of the printing company are: Southam Murray, Weston, Ontario, Gazette Printing Company (Limited), Montreal, Southam Business Forms and Southam Specialty Printing, Candiatic, Quebec, and Southam Nicholson, Vancouver.

In 1960 the company entered the field of business publications by buying a controlling interest in Hugh C. MacLean Publications Limited. Now wholly-owned it is called Southam Business Publications Limited. New magazines have been launched and others purchased. It publishes 38 periodical business and professional publications and produces 20 trade shows. In 1970, National Business Publications Limited was acquired.

The company pioneered in radio and television in Canada, but later decided it should not operate or control stations in cities where it had a newspaper. Its investments have now been consolidated in substantial minority shareholdings in three broadcasting enterprises.

The company has established four basic policies which are intended to assure the objectivity of its publications:

1. The company will have no financial interest in enterprises outside the communications field.
2. Officers of the company or its subsidiaries and senior publishing executives may not act as directors of other unrelated firms operated for profit unless the company has an interest in such firms to be served thereby.
3. The company's newspapers and magazines are operated under individual management and develop independent editorial policies. There is no "Southam" editorial policy.
4. Officers, editorial personnel and all other key employees of the company are expected to remain free from political and other outside activities when such activities might influence or appear to influence the editorial freedom or independence of any of the company's publications.



copy

SOUTHAM PRESS LIMITED

Interim
report

6

months
ended
June 30, 1970

AR21



TO THE SHAREHOLDERS,
SOUTHAM PRESS LIMITED.

We submit for your information an unaudited statement of the company's income for the three months ended June 30, together with a statement of income and of source and use of funds for the first six months of 1970.

The pace of business has continued to slow down and the gain in revenues has been more than offset by increasing costs, mainly wages and raw materials. However, the largest contributing factor to the sharp decline in net income arose from the labour dispute at Pacific Press Limited which was not resolved until the middle of May. Our interest in Pacific Press is fifty per cent.

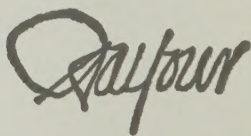
A labour stoppage by the International Typographical Union at The Ottawa Citizen commenced on July 5. The Citizen continued to publish despite support of the strikers by all other unions employed by the newspaper. A settlement was reached on July 17 on satisfactory terms.

The Canadian Radio-Television Commission has approved the sale of our thirty-five per cent interest in Niagara Television Limited to Selkirk Holdings Limited with payment to be made in Selkirk "A" shares.

Further increases in advertising and circulation rates have been implemented within the guidelines laid down by the Prices and Incomes Commission.

The regular quarterly dividend of thirty cents per share has been declared payable September 28 to shareholders of record September 14.

Yours sincerely,

A handwritten signature in dark ink, appearing to read "Raymond", is written over a large, stylized circular flourish.

TORONTO, CANADA.

July 23, 1970.

President

Interim Consolidated Statement of Income (not audited)

Expressed in 1,000's of dollars
except per share amounts

3 months
ended
June 30

	1970	% Change	1969
Revenue from operations:			
Newspapers.....	\$18,181		\$17,315
Printing.....	7,864		7,936
Trade publications and shows.....	2,681		2,785
	<u>28,726</u>	+ 2.5	<u>28,036</u>
Costs and operating expenses.....	23,821		22,885
Depreciation.....	861		769
Interest.....	76		90
	<u>24,758</u>	+ 4.3	<u>23,744</u>
	3,968	- 7.6	4,292
Equity in net earnings of companies 50% owned.....	(104)		511
Income from other investments.....	222		210
	<u>4,086</u>	-18.5	<u>5,013</u>
Income taxes (estimated).....	2,109	-16.9	2,358
Net income.....	<u>\$ 1,977</u>	-25.5	<u>\$ 2,655</u>
Net income—per share.....	\$.64		\$.86
Dividends paid.....	\$ 930		\$ 930
Dividends paid—per share.....	\$.30		\$.30

6 months
ended
June 30

	1970	% Change	1969
Revenue from operations:			
Newspapers.....	\$34,235		\$32,070
Printing.....	15,673		14,781
Trade publications and shows.....	5,231		5,495
	<u>55,139</u>	+ 5.3	<u>52,346</u>
Cost and operating expenses.....	46,567		43,563
Depreciation.....	1,705		1,475
Interest.....	181		139
	<u>48,453</u>	+ 7.2	<u>45,177</u>
	6,686	- 6.7	7,169
Equity in net earnings of companies 50% owned.....	18		902
Income from other investments.....	340		386
	<u>7,044</u>	-16.7	<u>8,457</u>
Income taxes (estimated).....	3,566	- 8.9	3,913
Net income.....	<u>\$ 3,478</u>	-23.5	<u>\$ 4,544</u>
Net income—per share.....	\$ 1.12		\$ 1.47
Dividends paid.....	\$ 1,860		\$ 1,860
Dividends paid—per share.....	\$.60		\$.60

**Interim Consolidated Statement of Source
and Use of Funds—Expressed in 1,000's of dollars**

6 months
ended
June 30

	1970	1969
SOURCE OF FUNDS		
Funds derived from operations.....	\$5,281	\$ 5,314
Investments realized.....	21	669
Common stock issued.....	—	5,000
Working capital of subsidiaries acquired.....	—	1,611
	<u>\$5,302</u>	<u>\$12,594</u>
USE OF FUNDS		
Dividends paid.....	\$1,860	\$ 1,860
Additions to fixed assets, net.....	1,955	1,412
Investments acquired.....	126	266
Long term debt repaid or currently payable.....	1,008	231
Acquisition of subsidiaries.....	—	9,808
Other minor items.....	(39)	(17)
	<u>\$4,910</u>	<u>\$13,560</u>
Increase (Decrease) in working capital	<u>\$ 392</u>	<u>\$ (966)</u>

SOUTHAM PRESS LIMITED

Daily Newspapers

The Spectator, Hamilton
The Ottawa Citizen
The Calgary Herald
The Edmonton Journal
The Winnipeg Tribune
The Province,* Vancouver
(*Published for Pacific Press Limited)
The Medicine Hat News
The North Bay Nugget
The Gazette, Montreal
The Owen Sound Sun-Times
The Citizen, Prince George

Business Newspapers

Financial Times of Canada, Montreal
Journal of Commerce, Vancouver

Trade Publications and Shows

Southam Business Publications Limited
Don Mills, Ontario

Printing

Southam Murray, Weston, Ontario
Southam-Autographic, Montreal
Gazette Printing Company (Limited),
Montreal
Southam • Nicholson Printing Company,
Vancouver